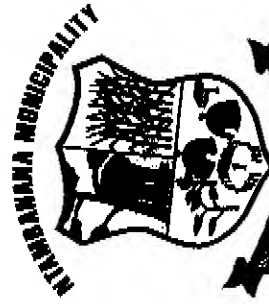


UNAUDITED
ANNUAL FINANCIAL STATEMENTS

Ntambanana
LOCAL MUNICIPALITY

30 JUNE 2008



**NTAMBANANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR-ENDED
30-JUNE-20**

I am responsible for the preparation of the annual financial statements, which are set out on pages 1 to 31, in terms of Section 126(1) of the Municipal Finance Management Act, which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of the Councilors as disclosed in *note 5* of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution read with the Remuneration of Public Officers Act, 1974 and the Minister of Provincial and Local Government, and that the Councilors are not entitled to this Act.

Mr. Raymond Phiwamandla Mnguni
Accounting Officer

Date _____

MTAMBAWANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30-June-88

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MTAMBARANA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	2008	2007
NET ASSETS AND LIABILITIES		
Net Assets		
✓ Government grants reserves	7 468 190	8 910 221
✓ Revaluation reserve	-	-
✓ Accumulated Surplus/(Deficit)	7 468 190	8 910 221
Current liabilities		
✓ Unspent conditional grants and receipts	3 219 954	5 650 736
✓ Creditors	528 190	4 692 003
✓ Provisions	457 277	724 295
	234 488	234 488
Total Net Assets and Liabilities	8 688 144	14 586 957
ASSETS		
Non-current assets		
✓ Property, plant and equipment	7 141 422	7 858 537
Current Assets		
✓ Debtors	1 546 723	6 702 520
✓ Current portion of long-term debtors	247 544	137 042
✓ Call investments deposits	1 103 979	2 803 979
Bank balances and cash	195 200	3 761 499
Total Assets	8 688 145	14 561 057

MTANZANIA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008

	Budget 2007 R	2008 R	Actual 2008 R	2007 R
REVENUE				
Assessment Rates	13 421 000		215 491	
Government and grant subsidies	518 000		15 933 471	14 307 079
Public contributions and donations	-			
Interest earned - investments	-			
Interest earned - current account	327 923		✓ 181 092	320 087
Rental of facilities and equipment	-		✓ 47 900	242 315
Sundry income	-		✓ 51 438	231 133
Gains on disposal of PPE	-		✓ 59 571	-
Other	-			
Total Revenue	14 316 923		16 528 943	15 100 624
EXPENDITURE				
Employee related costs	4 745 997		✓ 4 369 543	3 581 168
Remuneration of Councilors	1 489 854		✓ 2 041 423	1 697 535
Depreciation	296 348		787 549	622 961
Repairs and maintenance	-		191 205	242 572
Grants and subsidies paid	2 946 166			
General Expenses	216 598			
Contributions to profits	800 000			
LED & IDP Projects	-			
Grants Expenses	3 822 000		3 350 798	4 519 484
Contributions to support grants	-		138 320	147 972
Total Expenditure	14 316 923		8 281 725	4 064 007
SURPLUS/(DEFICIT) FOR THE YEAR			19 160 545	14 875 699
			(2 631 403)	234 925

121051032

3/581758

grants

121051032

3x only
for
121051032

724759

3/581758

MTAMBARARA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Pre-GAMap Reserves and Funds	Capital Redemption Reserve	Capitalization Reserve	Government Grants Reserve	Donations and Public Contrib. Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R
2007							
Balance at 1 July 2006	-	-	-	5 420 574	-	5 489 333	10 919 907
Implementation of GAMap (Note 18)	-	-	-	-	-	-	-
Change in Accounting policy (Note 18)	-	-	-	-	-	-	-
Realised Balance	-	-	-	5 420 574	-	(1 167 881)	(1 167 881)
Surplus/(deficit) for the year	-	-	-	-	-	4 331 652	9 752 226
Transfer to Accumulated Surplus	-	-	-	-	-	224 925	224 925
Property, plant and equipment purchased	-	-	-	(9 640 178)	-	9 649 178	-
Capital grants used to purchase PPE	-	-	-	-	-	-	-
Capital Grants to purchase PPE	-	-	-	-	-	(547 056)	(547 056)
Prior Year Adjustment	-	-	-	-	-	-	-
Current Year Adjustment	-	-	-	4 448 466	-	-	4 448 466
Assets disposal	-	-	-	(219 861)	-	(833 149)	(1 053 010)
Offsetting of Depreciation	-	-	-	-	-	(3 915 329)	(3 915 329)
Balance at 30 June 2007	-	-	-	-	-	8 910 271	8 910 272
2008							
Change in Accounting policy (Note 18)	-	-	-	-	-	-	-
Realised Balance	-	-	-	-	-	8 910 271	8 910 272
Surplus/(deficit) for the year	-	-	-	-	-	(2 631 603)	(2 631 603)
Transfer to Accumulated Surplus	-	-	-	-	-	-	-
Property, plant and equipment purchased	-	-	-	-	-	-	-
Capital grants used to purchase PPE	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-
Current Year Adjustment	-	-	-	-	-	-	-
Assets disposal	-	-	-	-	-	659 955	659 955
Offsetting of Depreciation	-	-	-	-	-	529 616	529 616
Balance at 30 June 2008	-	-	-	-	-	7 468 190	7 468 191

~~Balance~~ Right

NTAMBANANA LOCAL MUNICIPALITY			
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008			
	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others			
Cash paid to suppliers and employees			
Cash generated from/ (utilised in) operations			
Interest received	1	14,880,628	14,214,017
Interest paid		(14,425,487)	(10,824,879)
		(1,575,484)	3,389,138
NET CASH FROM OPERATING ACTIVITIES		562,412	(32,969)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,013,072)	3,296,169
Proceeds on disposal of property, plant and equipment			
(Increase)/decrease in non-current investments		(4,448,466)	
(Increase)/decrease in call investment deposit			
NET CASH FROM INVESTING ACTIVITIES		(4,448,466)	
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		(5,461,537)	3,296,169
Cash and cash equivalents at the end of the year	2	10,906,672	1,077,846
		9,369,457	6,585,478

NTAMBARUMA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from ratepayers, government and others	14 880 628	15 100 624
Cash paid to suppliers and employees	(14 425 487)	(14 104 766)
Cash generated from/ (utilized in) operations	(1 575 484)	995 858
Interest received	181 092	(562 412)
Interest paid	-	-
NET CASH FROM OPERATING ACTIVITIES	181 092	(562 412)
CASH FLOWS FROM INVESTING ACTIVITIES	(1 384 392)	433 446
Purchase of property, plant and equipment	-	-
Proceeds on disposal of property, plant and equipment	(271 126)	-
(Increase)/decrease in non-current investments	-	-
(Increase)/decrease in call investment deposit	-	-
NET CASH FROM INVESTING ACTIVITIES	(271 126)	433 446
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1 659 517)	433 446
Cash and cash equivalents at the beginning of the year	10 906 672	1 077 846
Cash and cash equivalents at the end of the year	1 299 179	6 458 546

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at a fair value.

In accordance with Section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of GAAP and GRAP issued by the Accounting Standards Board during the financial year. GAAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAAP and GRAP is set out in *Notes 22*.

The Municipality may have transactions, events or balances that are outside the ambit of GAAP and GRAP but which are included in the Standards of International Accounting Standards (IPSAS) issued by the International Federation of Accountants - Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practices issued by the South African Practices Board and the South African Institute of Chartered Accountants. The Municipality has fully complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of the annual financial statements are set out below. Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GAAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. RESERVES

The surplus arising from the revaluation of land and buildings is credited to non-distributable reserves. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an infinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment identified.

The cost of an item of property, plant and equipment acquired in exchange for non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalized when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated assets lives:-

	Years
Infrastructure	
Roads and Sewing	30
Electricity	20-30
Water	15-20
Community	
Buildings	30
Recreational facilities	20-30
Security	5
Other	
Buildings	30
Vehicles	5
Office Equipment	3-7
Furniture and fittings	7-10
Bins and Containers	5
Specialised plant and equipment	15
Other items of plant and equipment	2-5
Waste sites	15

The gains or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognized in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

6. REVALUATION OF LAND AND BUILDINGS

7. INVESTMENTS

7.1 Financial Instruments

Financial instruments which include fixed deposits and short-term deposits invested with registered commercial banks are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8. INVENTORIES

Consumable stores are valued at the lower cost and net realizable value. In general the basis of determining costs is the first-in, first-out method (FIFO).

9. ACCOUNTS RECEIVABLES

Accounts receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on overview of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

10. TRADE CREDITORS

Trade creditors are stated at their nominal value.

11. REVENUE RECOGNITION

11.1 Revenue from Exchange Transactions

Interest and rebates are recognized on a time proportion basis.

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributors have been received but the municipality has not met the condition, a liability is recognized.

11.2 Revenue from non-exchange Transactions

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognized when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures.

Including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognized when the recovery derived from the responsible councilors or officials is virtually certain.

12. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized.

13. PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimates. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the municipality.

14. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of overdrafts.

The municipality does not have overdraft facility.

15. UNAUTHORIZED EXPENDITURE

Unauthorized expenditure is the expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. IRREGULAR EXPENDITURE

Irregular expenditure is the expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorized expenditure. Irregular expenditure is accounted for as the expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for in the Statement of Financial Performance and where recovered, it is subsequently accounted for as the revenue in the Statement of Financial Performance.

18. COMPARATIVE INFORMATION

18.1 Current year comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only.

18.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

19. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees. Currently no councilors are members of the retirement benefit schemes. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefits funds, which are administered on provincial basis, are actuarially valued triennially on the projected unit credit method basis. Members of the staff are contributing to Natal Joint Municipal Pension Fund or the KwaZulu-Natal Joint Municipal Provident Fund.

NOTES TO THE BALANCE SHEET OF 30 JUNE 2008

1. CASH GENERAL

Deficit for the year	(2 631 903)	(224 925)
Adjustments for:-		
Depreciation		
Investment Income		
Contribution to provisions - current	787 549	622 961
Sold Debts Written Off	(181 092)	(562 412)
	138 320	(1 783 131)
	80 863	
Operating surplus/(deficit) before working capital changes	(1 805 962)	(1 947 507)
(Increase)/decrease in inventory		
(Increase)/decrease in debtors		
(Increase)/decrease in other debtors	130 694	(485 443)
(Decrease)/increase in conditional grants and receipts	118 128	-
(Increase)/(Decrease) in creditors	(4 163 814)	342 417
(Decrease)/increase in provisions	(268 942)	68 199
Cash generated by operations	(5 989 896)	(2 025 350)

	Land and Buildings	Infrastructure	Other Assets	Total
	R	R	R	R
Carrying Value				
Cost	6 250 162	-	1 608 276	7 858 538
Correction of Error	6 635 688	-	3 013 491	9 649 179
Accumulated Depreciation	(385 526)	-	(1 405 116)	(1 790 642)
Additions				
Capital Under Construction	90 338	-	180 797	271 126
Correction of error	(11 229)	-	(35 901)	(47 130)
Backlog Depreciation	-	-	-	-
Depreciation	(226 916)	-	(560 633)	(787 549)
Disposals				
Cost	-	-	(153 562)	(153 562)
Accumulated Depreciation	-	-	(586 401)	(586 401)
	-	-	432 839	432 839
Carrying Value				
Cost	6 102 355	-	1 039 066	7 141 422
Correction of error	6 714 797	-	2 573 977	9 288 774
Accumulated Depreciation	(612 442)	-	(1 532 910)	(2 145 352)

30-Jun-07				
	Land and Buildings R	Infrastructure R	Other Assets R	Total R
Carrying Value	2 766 717	-	2 820 013	5 586 730
Cost	2 766 717	-	2 820 013	5 586 730
Accumulated Depreciation	-	-	-	-
Additions				
Capital Under Construction	4 193 971	-	417 844	4 611 816
Correction of Error	-	-	-	-
Backlog Depreciation	(266 960)	-	(224 366)	(224 366)
Depreciation	(118 576)	-	(504 385)	(622 961)
Disposals				
Cost	(325 000)	-	-	(325 000)
Accumulated Depreciation	(325 000)	-	-	(325 000)
Carrying Value	6 250 162	-	1 608 376	7 858 538
Cost	6 250 162	-	1 608 376	7 858 538
Correction of Error	-	-	3 237 857	9 873 945
Accumulated Depreciation	(385 526)	-	(224 366)	(224 366)
			(1 405 116)	(1 790 642)

In terms of GAAP, if the municipality will use the Transitional Provisions in respect of transactions related to Property, Plant and Equipment, the municipality has disclosed the PPE at cost and no revaluations were done on any PPE. Other than on the asset that was being disposed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

3. ADDITIONAL DISCLOSURES IN TERMS OF MFMA

3.1 Audit fees

Opening balance	
Current year audit fees	(59 072)
Amount paid - current year	-
Amount paid - prior years	-
Balance unpaid (included in creditors)	(59 072)

3.2 PAYE and UIF

Opening balance	
Current year payroll deductions	63 002
Amount paid - current year	954 732
Amount paid - prior years	(954 732)
Balance unpaid (included in creditors)	63 002

3.3 Pension deductions

Opening balance	
Current year payroll deductions	117 959
Current year Council Contributions	246 054
Amount paid - current year	553 348
Amount paid - prior years	(759 403)
Balance unpaid (included in creditors)	(117 959)

3.4 Medical Aid deductions

Opening balance	
Current year payroll deductions	1 215
Current year Council Contributions	54 847
Amount paid - current year	96 528
Amount paid - prior years	(151 375)
Balance unpaid (included in creditors)	(1 215)

3.5 RETIREMENT BENEFIT INFORMATION

Namabana Local Municipality and its employees contribute to the Natal Joint Municipal Pension Fund or the KwaZulu-Natal Joint Municipal Provident Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1996.

Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed at least every three years.

	2008	2007
(59 072)		
(59 072)	(59 072)	(59 072)
63 002		
954 732	569 788	
(954 732)	(506 786)	
63 002		63 002
117 959	84 656	
246 054	112 770	
553 348	-	
(759 403)	(79 467)	
(117 959)		117 959
1 215	2 945	
54 847	57 567	
96 528	-	
(151 375)	(57 567)	
(1 215)	(1 230)	
		1 215

28/01

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

4. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages
Employee related costs
- Contributions for UIF, SALGBIC
- Contributions for pensions
- Contributions for medical aids
Travel, subsistence and other allowances
Housing benefits and allowances
Overtime payments
Performance bonuses
Less: Employee costs included in other expenses
Total Employee related costs

	2008	2007
2 760 374		2 220 504
23 045		
274 076		
96 528		105 066
4 969		54 379
524 167		377 826
15 800		16 290
95 040		79 315
-		-
-		-
3 793 799	2 653 340	

Remuneration of the Municipal Manager

Annual Remuneration
Performance Bonuses
Cell phone Allowances
Car Allowances
Contributions to UIF, SALGBIC
Less: Employee costs included in other expenses
Total

-	280 082	
-	-	-
-	6 000	
-	120 039	
-	-	-
-	-	-
-	406 121	

Remuneration of the Chief Financial Officer

Annual Remuneration
Performance Bonuses
Cell phone Allowances
Car Allowances
Contributions to UIF, SALGBIC
Less: Employee costs included in other expenses
Total

-	257 682	
-	-	-
-	6 000	
-	110 435	
-	-	-
-	-	-
-	374 117	

Remuneration of the Corporate Services Manager

Annual Remuneration
Performance Bonuses
Cell phone Allowances
Car Allowances
Contributions to UIF, SALGBIC
Less: Employee costs included in other expenses
Total

-	257 682	
-	-	-
-	6 000	
-	110 435	
-	-	-
-	-	-
-	374 117	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

5. REMUNERATION OF COUNCILLORS

	2008	2007
Mayor's allowance		
Basic Salary	111 147	40 628
Travel Allowance	51 381	10 132
Cell phone Allowance	7 820	7 820
Pension	16 672	3 120
Personal Facility Usage Allowance	3 120	3 120
Total Allowances	190 140	61 700
Deputy Mayor's allowance		
Basic Salary	86 484	32 423
Travel Allowance	41 105	8 106
Cell phone Allowance	7 920	7 920
Pension	12 973	
Personal Facility Usage Allowance	3 120	3 120
Total Allowances	151 602	51 569
Speaker's allowance		
Basic Salary	86 484	32 423
Travel Allowance	41 105	8 106
Cell phone Allowance	7 920	7 920
Pension	12 973	
Personal Facility Usage Allowance	3 120	3 120
Total Allowances	151 602	51 569
Exco Member's allowance		
Basic Salary	80 323	30 396
Travel Allowance	38 535	7 599
Cell phone Allowance	7 920	7 920
Pension	12 048	-
Personal Facility Usage Allowance	3 120	3 120
Total Allowances	141 946	49 035
Other councillors' Allowances		
Basic Salary	606 112	168 684
Travel Allowance	308 297	42 380
Cell phone Allowance	87 120	82 819
Pension	90 916	
Personal Facility Usage Allowance	34 320	32 626
Total Allowances	1 126 765	326 509
Total Councillor allowances		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

In-kind benefits

	2008	2007
6. INTEREST PAID	-	-
	-	-

7. DEBTORS

Sundry debtors	255 170	133 686
Consumer Debtors	130 694	-
Fruitless and wasteful expenditure	-	-
Current portion of long-term debtors	-	3 356
Suspense Account	-	-
Accrued interest	-	-
Less: Provision for bad debts	305 864	137 042
Provision for bad debts (Sundry Debtors)	(138 320)	-
Provision for bad debts (Consumer Debtors)		
Total Debtors	247 544	137 042

8. 1 BANK AND CASH BALANCES

The municipality has the following bank accounts

Current Account (Primer's Bank Account)

ABSA Bank (Richards Bay branch)
 Account Number:- 40-5415-4059

Cash book balance at beginning of the year
 Cash book balance at end of the year

3 654 567	4 519 804
89 576	3 654 567

Current Account (Housing Bank Account)

ABSA Bank (La Lucia Ridge branch)
 Account Number:- 40-5863-6768

Bank balance at beginning of the year
 Bank balance at end of the year

-	-
103 674	-

8.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	195 200	3 654 567
Call investment deposits	1 103 979	2 803 979
Total cash and cash equivalents	1 299 179	6 458 546

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

9. INVESTMENTS

These investments are made with the commercial banks as Licensed Financial Service Providers and in terms of investments regulations issued by the National Treasury.

2008 2007

FIXED DEPOSIT

Bank: Absa
Account No.: 20-6274-4470
Account Type: Fixed Deposit

Opening Balance	-	4 500 000
Prior year adjustments	-	(944 656)
Withdrawals	-	(3 594 755)
Investments	-	-
Interest re-invested	-	39 411
Closing Balance	-	-
Average interest rate	-	5.50%

CALL ACCOUNT

Bank: Absa
Account No.: 91-1641-0562
Account Type: Fixed Deposit

Opening Balance	2 803 979	1 000 000
Prior year adjustments	-	1 828 538
Withdrawals	(1 700 000)	(3 900 000)
Investments	-	3 994 755
Interest re-invested	-	280 685
Closing Balance	1 103 979	2 803 979
Average interest rate	-	4.70%

Total Investments

1 103 979	2 803 979
-----------	-----------

The interest received on the investments is invested with the investment when it is re-invested.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

10. GOVERNMENT GRANTS AND SUBSIDIES

	2008	2007
DTLGA Grants		
-IDP Grant I	(151 883)	-
-IDP Grant II	(115 313)	-
-IDP Grant	(48 775)	450 349
-Establishment Grant I	(151 883)	-
-Establishment Grant II	(710 332)	-
-DTLGA Financial Structure	(116 073)	10 869
-Transitional Grant	-	189 067
-GIS	-	-
-Councilor Allowances Grant	-	14 055
-CDW Fund	-	185 120
-LUNS Fund	-	-
-Communication Grant	-	-
-Ceramic Project Fund	(69 531)	-
-MSIP Grant	(118 740)	124 347
-Capacity Support Grant	(208 348)	-
-Internal Controls	(261 110)	-
-Organizational Structure	(129 000)	-
-Ward Committees Induction Grant	(2 341 627)	-
-Public Participation Grant	(256 438)	1 738 298
-Municipal Infrastructure Grant	-	999 301
-MAP Grants		
-Property Rates Act Implementation	-	-
-PWS Grant	(24 000)	734 774
-Management Assistance Programme	(258 550)	-
-Planning Support	114	4 218
-Interdepartmental Monitoring Grant	-	-
-Administration Capacity Building	-	-
NATIONAL GOVERNMENT		
-Equitable Share	(7 055 851)	-
-National Treasury - LG Financial Management Grant	(1 096 683)	539 008
-Municipal System Improvement Grant	(1 016 856)	304 555
-National Electrification Program	(817 125)	-
-Project Consolidate	(298 443)	456 000
LOT FUNDING		
-LOT Grant	-	-
HOUSING		
-Housing Project Grants	(157 274)	906 730
Total government grant and subsidies	(15 250 285)	4 918 404

Handwritten notes and calculations:

- 10/14/5 000
- 2/32 000
- 2/32 000
- 10/14/5 000
- 2/32 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

10.1 *Equitable Share*

The FSC portion of the equitable share is utilized in provision of SLOW of electricity per month to each household determined as indigent as per our indigent policy.

2008 2007

10.2 *National Treasury - LG Financial Management Grant*

Balance unspent at beginning of year	121 283
Current year receipts	250 000
Conditions met - transferred to revenue	(1 998 883)
Conditions still to be met - transferred to liabilities	(516 439)
	332 274

10.3 *Municipal Systems Improvement Grant*

Balance unspent at beginning of year	1 384 477
Prior year adjustments	729 506
Current year receipts	1 689 032
Conditions met - transferred to revenue	(1 696 656)
Conditions still to be met - transferred to liabilities	(304 555)
	1 384 477

10.4 *National Electrification Program*

Balance unspent at beginning of year	-
Current year receipts	500 000
Conditions met - transferred to revenue	(817 125)
Conditions still to be met - transferred to liabilities	(317 125)
	-

10.5 *Project Consolidate*

Balance unspent at beginning of year	782 885
Current year receipts	1 341 500
Conditions met - transferred to revenue	(1 430 000)
Conditions still to be met - transferred to liabilities	(298 443)
	(781 615)
	782 885

10.5 *DTI Grant*

10.5.1 (a) *2006 Grant I*
Balance unspent at beginning of year
Prior year adjustment
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

Balance unspent at beginning of year	172 491
Prior year adjustment	22 491
Current year receipts	(105 896)
Conditions met - transferred to revenue	150 000
Conditions still to be met - transferred to liabilities	-
	66 905

10.5.1 (b) *2006 Grant II*

Balance unspent at beginning of year
Prior year adjustment
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

Balance unspent at beginning of year	87 961
Prior year adjustment	37 961
Current year receipts	50 000
Conditions met - transferred to revenue	(151 883)
Conditions still to be met - transferred to liabilities	(63 922)
	-

10.5.1 (c) *2006 Grant*

Balance unspent at beginning of year
Prior year adjustment
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

Balance unspent at beginning of year	(109 176)
Prior year adjustment	73 900
Current year receipts	(17 947)
Conditions met - transferred to revenue	(115 313)
Conditions still to be met - transferred to liabilities	(165 723)
	(224 463)

10.5.2 *Establishment grant I*

Balance unspent at beginning of year
Prior year adjustments
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

Balance unspent at beginning of year	28 359
Prior year adjustments	478 708
Current year receipts	-
Conditions met - transferred to revenue	(48 775)
Conditions still to be met - transferred to liabilities	(20 416)
	28 359

10.5.3 *Establishment Grant II*

Balance unspent at beginning of year
Prior year adjustments
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

Balance unspent at beginning of year	(289 535)
Prior year adjustments	(289 535)
Current year receipts	-
Conditions met - transferred to revenue	(25 601)
Conditions still to be met - transferred to liabilities	(315 136)
	(289 535)

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Q. 11/145 000
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

10.5.4 DTIC/DA Financial Structures Grant

Balance unpaid at beginning of year
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

2008	2007
320 000	320 000
(710 332)	-
(390 332)	320 000

10.5.5 Transitional Grant

Balance unpaid at beginning of year
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

917 230	928 089
-	-
(116 073)	(10 869)
801 157	917 230

10.5.6 GIS Grant

Balance unpaid at beginning of year
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

193 777	32 864
-	350 000
-	(199 087)
193 777	193 777

10.5.7 Councilor Allowances Grant

Balance unpaid at beginning of year
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

25 157	25 157
-	-
-	-
25 157	25 157

10.5.8 COM Grant

Balance unpaid at beginning of year
Prior year adjustments
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

36 964	-
-	-
-	72 000
-	(35 036)
36 964	36 964

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

	2008	2007
10.5.9 IMAIS Grant		
Balance unspent at beginning of year	(454,004)	-
Current year receipts	(115,360)	80,000
Conditions met - transferred to revenue	-	(334,954)
Conditions still to be met - transferred to liabilities	(470,344)	(454,954)
	<u>36,633</u>	<u>36,633</u>
10.5.10 Communication Grant		
Balance unspent at beginning of year	36,633	36,633
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	36,633	36,633
	<u>36,633</u>	<u>36,633</u>
10.5.11 Ceramic Project Fund		
Balance unspent at beginning of year	510	510
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	510	510
	<u>510</u>	<u>510</u>
10.5.12 MSIP Grant		
Balance unspent at beginning of year	129,216	129,216
Current year receipts	-	-
Conditions met - transferred to revenue	(69,531)	-
Conditions still to be met - transferred to liabilities	59,685	129,216
	<u>129,216</u>	<u>129,216</u>
10.5.13 Capacity Support		
Balance unspent at beginning of year	753,367	677,714
Prior year adjustments	-	200,900
Current year receipts	-	-
Conditions met - transferred to revenue	(118,740)	(124,347)
Conditions still to be met - transferred to liabilities	634,627	753,367
	<u>634,627</u>	<u>753,367</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

10.5.14 Internal Controls Grant

Balance unspent at beginning of year
 Prior year adjustments
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

2008	2007
150 000	-
-	150 000
(298 348)	-
<u>(148 348)</u>	<u>150 000</u>

10.5.15 Organisational Structure and HR Policies

Balance unspent at beginning of year
 Prior year adjustments
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

137 000	-
-	137 000
(261 110)	-
<u>(124 110)</u>	<u>137 000</u>

10.5.16 Municipal Infrastructure Plan Grant

Balance unspent at beginning of year
 Prior year adjustments
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

200 000	-
-	200 000
(120 000)	-
<u>80 000</u>	<u>200 000</u>

10.5.17 Ward Committees Induction Grant

Balance unspent at beginning of year
 Prior year adjustments
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

12 000	-
-	12 000
-	-
<u>12 000</u>	<u>12 000</u>

10.5.18 Public Participation Grant

Balance unspent at beginning of year
 Prior year adjustments
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

250 000	-
(269 878)	250 000
<u>(19 878)</u>	<u>250 000</u>

10.5.20 Municipal Infrastructure Grant

Balance unspent at beginning of year
 Prior year adjustments
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

200 000	-
2 013 698	200 000
<u>(2 241 627)</u>	<u>200 000</u>

10.5.2 MAP GRANTS

(i) Poverty Relief Act Implementation

Balance unspent at beginning of year
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

(836 176)	63 125
<u>700 000</u>	<u>100 000</u>
<u>(136 176)</u>	<u>(999 301)</u>

(ii) Performance Management System Grant

Balance unspent at beginning of year
 Prior year adjustments
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

63 768	(36 232)
-	50 000
-	50 000
<u>63 768</u>	<u>63 768</u>

(iii) Management Assistance Programme

Balance unspent at beginning of year
 Prior year adjustments
 Current year receipts
 Conditions met - transferred to revenue
 Conditions still to be met - transferred to liabilities

(247 261)	597 513
-	(150 000)
-	-
<u>(24 002)</u>	<u>(734 724)</u>
<u>(314 263)</u>	<u>(287 261)</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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(iv) Planning Support

Balance unpaid at beginning of year
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

2008	2007
220 917	123 917
-	93 000
(258 550)	-
(37 533)	220 917

(iv) International Monitoring Grant

Balance unpaid at beginning of year
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

69 106	73 324
(114)	(4 219)
68 992	69 106

(iv) Africa Capacity Building

Balance unpaid at beginning of year
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

378	378
-	-
378	378

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

15.1 Conditional grants from other spheres of government

	2008	2007
DTLGA Grants		
-IDP Grant I	66 805	172 491
-IDP Grant II	(63 922)	-
-IDP Grant	(224 483)	-
-Establishment Grant I	(20 416)	28 359
-Establishment Grant II	(315 136)	(289 535)
-DTLGA Financial Structure	(390 332)	326 000
-Transitional Grant	801 157	917 230
-GIS Grant	193 777	193 777
-Council Allowances Grant	25 157	25 157
-CDW Grant	36 964	36 964
-LUMS Grant	(470 344)	(454 954)
-Communication Grant	36 633	38 633
-Carank Project Fund	510	510
-MSIP Grant	59 685	129 216
-Capacity Support	634 627	753 367
-Integral Capital	(148 346)	-
-Municipal Infrastructure Plan	80 000	-
-Ward Committee Induction Grant	12 000	-
-Public Participation Grant	(19 876)	-
-Municipal Infrastructure Grant	(127 929)	-
-MIP Grants	(351 934)	(769 268)
-Property Rates Act Implementation	(136 176)	(836 176)
-PMS Grant	63 786	63 786
-Management Assistance Programme	(311 263)	(267 261)
-Planning Support	(37 632)	220 917
-Interdepartmental Monitoring	68 992	69 106
-Administrative Capacity Building	378	378
NATIONAL GOVERNMENT		
Equitable Share		
National Treasury LG Financial Management Grant	(516 409)	332 274
Municipal System Improvement Grant	1 077 121	1 384 477
National Electrification Program	(317 125)	-
Project Consolidate	484 441	782 885
LOCAL GOVERNMENT		
IDP Grant	206 500	-
HOUSING GRANTS		
Housing Projects Grants	(96 622)	60 452
Total conditional grants and receipts	528 190	3 650 035

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

16. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for
 Galvanised bits

- Approved but not yet contracted for
 Purchase of Farmland

Total

This expenditure will be financed as follows

- Equitable share
 - Government Grants
 - Prior years surpluses

	2008	2007
Approved and contracted for Galvanised bits		500 000
Approved but not yet contracted for Purchase of Farmland		500 000
		4 800 000
		4 800 000
		5 300 000
		500 000
		2 800 000
		2 000 000
		5 300 000

17. CHANGES IN ACCOUNTING POLICY

No changes in accounting policy occurred during the financial year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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18. PRIOR YEAR ADJUSTMENTS

Adjustments for the treatment of VAT had the following effects

	APS Balance	Adjustment	Restated opening
VAT Control Account		712 531	712 531
Accumulated surplus	-8 910 221	-659 955	-9 570 176
Land and Buildings	\$ 635 688	-11 229	\$ 624 459
Vehicles	1 736 098	-26 362	1 709 736
Furniture and Equipment	662 510	-2 154	660 356
Office Equipment	614 883	-7 365	607 498

NOTES TO THE
BOOK ENTHUSIAST

REPORT I

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

APPENDIX II
MTABAMAMBA LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Opening Balance	Acquisitions	Disposals	Depreciation	Transfer	Opening Balance	Depreciation	Transfer	Opening Balance	Depreciation	Transfer	Opening Balance
Executive and Council	-	-	-	-	-	-	-	-	-	-	-	-
Financial Management	-	-	-	-	-	-	-	-	-	-	-	-
Support Services	-	-	-	-	-	-	-	-	-	-	-	-
Office Services	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

APPENDIX III
MTABAMAMU LOCAL MUNICIPALITY
DEPARTMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	2007 Actual R	2007 Budget R	2007 Variance R	2008 Actual R	2008 Budget R	2008 Variance R
Revenue and Capital						
Revenue	24 337 186	9 498 975	4 736 221	14 112 191	14 112 191	0
Capital	-	151 431	151 431	14 980 498	14 980 498	0
Total	24 337 186	9 650 406	4 887 652	29 092 689	29 092 689	0
Expenditure						
Operating	-	1 285 318	1 285 318	1 285 318	1 285 318	0
Capital	-	1 285 318	1 285 318	1 285 318	1 285 318	0
Total	-	2 570 636	2 570 636	2 570 636	2 570 636	0
Sub-total	24 337 186	11 221 042	3 307 024	26 522 053	31 663 325	(5 141 272)
Transfers from other departments	-	-	-	-	-	-
Total	24 337 186	11 221 042	3 307 024	26 522 053	31 663 325	(5 141 272)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2008

APPENDIX
STAMMERMAN LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Variance (where greater than 5% is shown)
REVENUE					
Donations and Subsidies	255 491	19 227 820	5 700 970	29%	None greater than budgeted, were received
Revenue from Rates and Subsidies	11 903 671	42 110	2 129	5%	The Income Item was verified and not discussed during the year
Interest Earned - Investments	42 960	-	-	-	
Interest Earned - Current Account	188 862	608 620	(420 858)	-70%	
Other Income	59 371	36 590	43 871	75%	
Gains on Disposal of PPE	31 406	-	31 406	6%	
Total Revenue	14 128 965	20 073 030	1 375 992	6%	
EXPENDITURE					
Executive and Council	14 180 602	6 779 894	7 401 540	52%	
Financial Management	1 092 294	203 694	(425 370)	-31%	
Corporate Services	2 171 761	2 360 107	(177 343)	-8%	
Technical Services	523 560	1 281 614	(758 054)	-45%	
Total Expenditure	18 168 217	10 525 309	7 642 908	53%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(2 439 252)	(5 452 279)	(3 013 027)	55%	

1442
367 035